



To: All CDBG Recipients
From: IHCD Community Development Department
Date: December 20, 2006
Re: **CDBG Award Manual Revisions & Policy Changes**

Notice: FSP-06-14

The Community Development department is making the following procedural changes for CDBG funded Rental activities and Homebuyer Repair and Improvement projects. The effective dates are as noted below.

The following changes are effective December 21, 2006 for all open CDBG awards for rental activities or Homeowner Repair and Improvement.

Affordability Requirements

- This chapter has been revised to include more information on the on-going reporting requirements for rental activities. Additionally, a sample of the forms that will be required for on-going reporting are now included in this chapter.

Competitive Sealed Bids

- Indiana State Board of Account Form 96 – Contractor's Bid for Public Work – has been included as an exhibit and should be part of all bid packets for projects likely to result in contracts of more than \$100,000.

Construction Standards

- An IHCD Community Development Physical Inspection Affidavit has been added. This form should be used to certify that any issues found during an IHCD Inspection have been corrected.

Contractor Eligibility Process

- Recipients will no longer be required to submit the Verification of Contractor/Subcontractor Eligibility form to IHCD to determine contractor eligibility. Recipients are now required to complete a simple process using the Internet and maintain documentation on file. See Exhibit C of the Procurement Chapter for specifics on completing this process.

Davis Bacon Requirements

- The wage decision must be verified 7-days prior to bid opening. Previously the requirement was 10-days prior.



- All Migrant/Seasonal Farm Worker Housing projects are now required to pay Davis Bacon prevailing wage rates.

Deed Restrictions

- The recapture tables for CDBG awards have been changed to track recapture requirements in terms of months rather than years. This should make it easier to determine the required recapture payment.

Loan Licensing

- A copy of the Single Family FHA Checklist has now been included as an exhibit, and should be completed by nonprofit entities wishing to offer secondary financing as part of a CDBG program.

Manufactured Housing

- To be eligible for rehabilitation assistance under the CDBG program, a manufactured home must now, among other existing requirements, have been built on or after June 15, 1976 (the date under the previous award manual was January 1, 1981).

Minority-owned and Women-owned Business Enterprises

- Recipients may now document the solicitation of MBE/WBE firms through E-mail. Recipients should maintain a copy of the e-mail that was submitted to the company/contractor that was solicited. Additionally, recipients should use a "delivery receipt" and/or "read receipt" function on the e-mail and maintain a copy of the verification the e-mail was delivered/opened.

90-Day Rule

- The 90-day rule requirement has been removed.

Program Monitoring & Audit

- The Program Monitoring & Audit chapter has been revised to include a sample of the monitoring tool that will be used for the final monitoring.

The following changes are effective for all CDBG rental activities or Homeowner Repair and Improvement projects funded under the 2006 CDBG Application.

Income Verification

- The income verification section has been revised/updated to be more consistent with other IHCD programs.
- The Annual Income Calculation (Exhibit A) has been updated and is now an Excel form that can be used to calculate the annual income. Additionally, the person completing the income verification should now sign and date the income verification on the Annual Income Calculation.
- A Certification of Applicant/ Tenant Eligibility (Exhibit I) has been added to the manual for all rental activities. This form should be completed and included in all the tenant files for rental activities.

CDBG Leverage Requirement

- The leverage requirement on CDBG projects funded in 2006 will be a flat 10%.

Notice of Contract Execution

- The Notice of Contract Execution has been revised to better track original submissions versus revised submissions.



Set-up, Drawing Funds, Completion, & Close-out Chapters

- The Set-up, Drawing Funds, Completion, and Close-out chapters have been combined into one chapter titled Funds Management.
- The Excel spreadsheets for set-up, completion, summary of assisted sites, and claims are no longer in three separate forms that are linked to each other. There are now two forms: (1) set-up & completion, and (2) summary of assisted sites and claim voucher.
- The set-up and completion reports have been revised to include information required by the IDIS system.
- The Status of Federal Cash & Match/Leverage Statement form is no longer required.
- The Property Inventory Form is no longer required.
- The Certification of Recipient Form is no longer required.
- Lead Based Paint Testing is now a budget line item. It cannot be drawn out of Program Delivery.
 - Lead Hazard Testing is limited to \$1,000 per address.
 - Lead Hazard Testing is no longer a part of the subsidy limit's 20% cap (on Administration, CHDO Operating Costs, Environmental Review, Program Delivery, and Developer's Fee), nor is it part of the per unit subsidy, but it is still part of the affordability requirement.
 - Does not disturb De Minimus Level is no longer an exempt activity.
- The Backend Development Package is now the Rental Development Package.

The 2006 Community Development Block Grant Program Award Manual – has been revised to include the revisions listed above. The manual is available for download at: http://ihcda.in.gov/nonprofits_compliance.aspx.

If you have questions regarding this memo, please contact your IHCDA Community Development Representative toll-free at (800) 872-0371.

